

**OLSHAN FROME WOLOSKY LLP**

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*Counsel to Anthony Labrosciano, the Responsible  
Person for Signature Apparel Group LLC*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

SIGNATURE APPAREL GROUP LLC,  
  
Debtor.

Chapter 11

Case No. 09-15378 (JMP)

**RESPONSIBLE PERSON'S STATUS REPORT**

Anthony Labrosciano, Responsible Person of the above-referenced reorganized debtor (the "Debtor"), by and through his undersigned counsel, hereby submits this status report in accordance with the Court's Amended Post-Confirmation Order and Notice (the "Post-Confirmation Order") dated January 26, 2011.

1. On September 4, 2009, petitioning creditors Hitch & Trail Inc., Talful, Ltd. and Harvestway (China) Limited filed an involuntary petition for relief under chapter 7 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York against the Debtor.

2. On November 5, 2009, this Court entered the Order for Relief.

3. On November 12, 2009, this Court converted the case to one under chapter 11.

4. On July 1, 2010, this Court entered an order (the “Confirmation Order”) confirming the Debtor’s First Amended Plan of Liquidation (the “Plan”).

5. On August 5, 2010, the Effective Date (as defined in the Plan) of the Plan occurred and Anthony Labrosciano was appointed as the Responsible Person under the Plan. Pursuant to the Plan, the Responsible Person is empowered, on behalf of the Debtor, to (i) serve as the sole officer and director of the Debtor; (ii) take steps and execute all instruments and documents necessary to effectuate the disbursements to be made under the Plan; (iii) cause the Disbursing Agent (as defined in the Plan) to make the distributions contemplated by the Plan; (iv) employ, retain, or replace professionals to represent the Debtor with respect to its responsibilities or otherwise effectuate the Plan; (v) enforce and prosecute claims, interests, rights and privileges of the Debtor; and (vi) review and object to the allowance of claims, among other things.

6. Pursuant to the powers vested in him under the Plan, the Responsible Person retained the law firm of Olshan Frome Wolosky LLP<sup>1</sup> and the accounting firm of Friedman, LLP to represent him with respect to his responsibilities to effectuate the Plan.

7. *Liquidation of Assets.* The Responsible Person, with the assistance of his professionals, has resolved all warehouse issues and has liquidated virtually all of the remaining hard assets of the Debtor and has arranged for the continuing storage and availability of the Debtor’s books and records.

8. *Recovery from CIT.* Pursuant to the Confirmation Order, the Debtor’s lender CIT was permitted to maintain an indemnification and reimbursement reserve for eighteen months from the Effective Date of the Plan. At the end of that time, CIT raised certain concerns

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<sup>1</sup> Olshan Grundman Frome Rosenzweig & Wolosky LLP legally changed their name to Olshan Frome Wolosky LLP as of June 15, 2012.

related to discovery in the ongoing litigations. A compromise was reached and it was agreed that CIT would turn over most of the reserve and keep a small portion pending completion of discovery in the litigations. Now that discovery is complete the Responsible Person will endeavor to obtain the portion from CIT.

9. *Laurita Suit.* On November 3, 2010, the Responsible Person commenced an adversary proceeding, styled *Signature Apparel Group LLC v. Joseph Laurita et al.*, Adv. Pro. No. 10-04207 (JMP), against certain members, officers, directors, shareholders, and other insiders of the Debtor (the “Laurita Defendants”). In the amended complaint, the Responsible Person alleges that the Laurita Defendants diverted approximately \$8 million of the Debtor’s funds between November 1, 2007 and November 13, 2009, in breach of their fiduciary duties to the Debtor, and seeks an award of damages in the amount of approximately \$8 million on account of the Laurita Defendants’ breaches of fiduciary duties, conversion, and corporate waste, and the avoidance of various pre-petition transfers to the defendants. The Laurita Defendants have answered the amended complaint and the parties have engaged in document discovery and are currently proceeding with party and non-party depositions. On or about November 26, 2012, the Responsible Person moved to amend the amended complaint to withdraw certain allegations relating to a license agreement between Signature and Studio IP Holdings LLC. Signature has requested that those claims, instead, be asserted in the related Adversary Proceeding described in paragraph 23 below, and to add Joseph Laurita and Christopher Laurita as defendants in that action. The Laurita Defendants have not opposed the proposed amendment, and the Court granted the motion. The parties attempted to mediate the dispute without success, and discovery is complete. The Responsible Person has reached a settlement with defendants Joseph and Adeline Laurita. The Responsible Person anticipates that trial dates with respect to the Laurita

Suit against the remaining defendants will be announced soon after the Court rules on the summary judgment motions filed in the ROC Fashions Suit, as discussed below.

10. *ROC Fashions Suit.* The Responsible Person has also commenced an adversary proceeding, styled *Signature Apparel Group LLC v. ROC Fashions, LLC, RVC Enterprises, LLC, Ruben Azrak, Victor Azrak and Charles Azrak*, Adv. Pro. No. 11-02800 (JMP). In the complaint, the Responsible Person alleges that the Defendants (the “ROC Defendants”), aided and abetted the Laurita Defendants in the diversion of certain of the Debtor’s assets. The complaint also alleges counts and causes of action relating to civil conspiracy, unjust enrichment, conversion, and constructive trust. The ROC Defendants’ motion to dismiss has been denied. The ROC Defendants have brought a third-party action against Studio IP Holdings LLC; Studio IP Holdings LLC has moved to dismiss that third-party action. Discovery has commenced and has been completed between the Responsible Person and the ROC Defendants and has been coordinated to the extent possible with the Adversary Proceeding against the Laurita Defendants. On or about November 26, 2012, the Responsible Person moved to amend the complaint to add Joseph Laurita, Christopher Laurita, Iconix Brand Group, Inc., Studio IP Holdings LLC, and New Star Group LLC as defendants. Additionally, the Responsible Person asserts new claims arising from a license agreement between Signature and Studio IP Holdings LLC. In addition to the existing counts, the amended complaint adds causes of action for fraud, negligent misrepresentation, breach of contract, and tortious interference with contract. Iconix Brand Group, Inc. and Studio IP Holdings LLC opposed the motion, whereas the Laurita Defendants and the ROC Defendants did not. The motion was granted and discovery with respect to the amended complete is also complete. The parties attempted without success to mediate the dispute. The Responsible Person has reached a settlement with defendants Joseph and Adeline

Laurita and also with defendants RVC Enterprises, LLC, Ruben Azrak, Victor Azrak and Charles Azrak. The remaining parties have filed motions for summary judgment. On November 4, 2014, the Court heard oral argument on those summary judgment motions. No decision has been rendered. In the event the summary judgment motions are not completely granted in full, the parties expect trial dates to be determined shortly after such decision is entered.

11. *Preferential and Fraudulent Transfer Suits.* The Responsible Person has commenced twenty-two other adversary proceedings to recover non-insider preferential and/or fraudulent transfers. Twenty-one have been resolved and only one is now being litigated – against Artful Holdings, Inc., an affiliate of Iconix Brand Group, Inc. The discovery period has commenced in that litigation and no trial date has been scheduled. A settlement in principle has been reached, however, and Responsible Person is endeavoring to document that settlement.

12. *Claims Reconciliation and Objection.* The Responsible Person's professionals have performed an initial review of the claims assessing the need for objections to claims. However, in order to better understand the potential distribution before making such objections, the Responsible Person has obtained extensions of time to file such claims. The current extension expires January 30, 2015. Should the major litigations remain unresolved, the Responsible Person may seek to extend this time in order to better understand the amount which will be available for distribution before expending estate assets to object to claims.

13. No disbursements to creditors have yet been made under the Plan.

Dated: New York, New York  
December 2, 2014

**OLSHAN FROME WOLOSKY LLP**

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